

Exhibit 2

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-20225-CIV-SEITZ/TURNOFF

MOSHE SAPERSTEIN, *et al.*,

Plaintiff,

v.

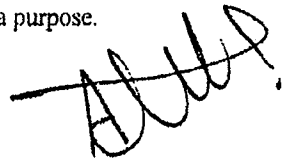
THE PALESTINE AUTHORITY, *et al.*,

Defendants.

DECLARATION OF AHMAD ABDEL-RAHMAN

Pursuant to 28 U.S.C. § 1746, I, Ahmad Abdel-Rahman, declare as follows:

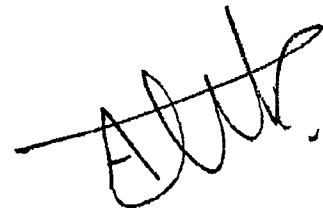
1. I am an official with a substantial knowledge about the organizational structure of Palestinian government over the last ten years. Over the period 1996-2003, I was Secretary-General of the Palestinian Authority Cabinet of Ministers which was presided over by the late President Yasser Arafat. In 2003, I was appointed political advisor to President Arafat and until his death in November 2004. Ever since - and to date- I have been political advisor to President Arafat's successor, President Mahmoud Abbas. I am also aware that a number of lawsuits similar to the instant one have been filed in the United States against the Palestinian Authority (PA) and the Palestine Liberation Organization (PLO) since the year 2000. The purpose of this declaration is to provide information about the significant institutional obstacles the PA and PLO faced in effectively defending these lawsuits in the United States. I am aware my declaration is being filed in connection with the litigation and I have authorized its use for such a purpose.



2. The Palestinian Authority was established in 1994, pursuant to the Oslo accords, as an interim administrative entity which had the mandate of administering a limited form of Palestinian self-governance in the Occupied Palestinian Territories for a period of five years. The Palestinian Authority (PA) had security-related and civilian authority in areas of the West Bank designated as Areas A, which by September 2000 comprised only 17% of the West Bank.

3. In the six years following its creation, the PA had developed an administrative and governmental structure but power remained mainly centralized in one leadership figure, namely the late Yasser Arafat, notwithstanding the creation of a number of institutional frameworks through which power was meant to devolve. By the year 2000, when the political process between Israel and the PLO had reached its height, the Palestinian Authority was still in the beginning stages of developing the sort of institutional structure characteristic of mature governments like that of the United States.

4. In late 2000, however, violence broke out in the region and Israeli Defense Forces began to engage in bombing raids and other actions against the main elements of the Palestinian government. Without regard to the basis for the Israeli raids and actions, the inescapable fact is that, as result of them, by January 2002, the security situation in the Occupied Palestinian Territories approached lawlessness and anarchy, and the organizational structure of the entire government had deteriorated significantly. An upshot of this escalation in violence was the destruction and/or paralysis of many fledging institutions of the Palestinian governing system.

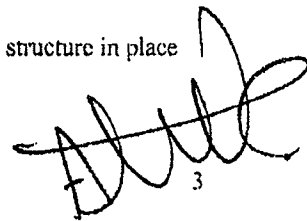
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5. By 2004, two years after Yasser Arafat was besieged in Government Headquarters (Muqata'a) with most of its buildings and official documents looted or destroyed by the besieging Israeli Army, no permanent institutional structure of Palestinian government existed for handling domestic and foreign legal actions brought against the Palestinian government. No person within the Palestinian governmental structure had primary responsibility for monitoring the lawsuits in the United States or keeping records related to those lawsuits, and there was no organizational entity within the Palestinian government that exercised such responsibility. Simply, there was no institutional structure in place for making critical decisions with respect to these lawsuits.

6. In the Fall of 2004, President Arafat became ill and died. Between 2000 and 2004, and as result of the siege on him and his office as well as the re-occupation of the PA areas by the Israeli military forces, President Arafat's power progressively lost what institutionalization it previously had. After he died, there was significant disarray and instability in the government. This void in governmental decision-making persisted well after his death.

7. Following President Arafat's death, Mahmoud Abbas was elected to the Presidency and took office in January 2005. President Abbas also became Chairman of the PLO. One of President Abbas' goals was to establish the sort of organizational structure and permanency that is characteristic of modern governments.

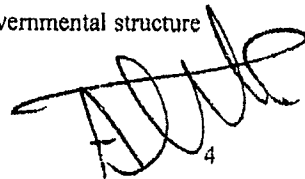
8. In April 2005, Dr. Rafiq Hussein became Chief of Staff under President Abbas. After assuming this role, Dr. Hussein conducted a review of the institutional structure in place

A handwritten signature in black ink, appearing to be "Rafiq Hussein", with a small number "3" written below it.

and determined that building the institutions of a modern government would be a long-term and difficult task, particularly in light of the political turmoil that both preceded and followed President Arafat's death. With the support of President Abbas, Dr. Hussein began the laborious process of creating an organizational entity within the President's office responsible for, *inter alia*, defending domestic and foreign lawsuits brought against the Palestinian government.

9. The process of creating such an institution has proven difficult and lengthy, particularly in light of all of the other organizational and structural challenges faced by the Palestinian government. This challenge has been compounded by a lack of familiarity in the Palestinian legal community with the American legal system. Much of the government's focus in 2005 consisted of creating the infrastructure necessary to conduct domestic elections within the Occupied Territories. Then-Finance Minister Salam Fayyad was also focused at the time on significant efforts to reform the financial system. The overall problems in the Occupied Territories were extremely serious. As a result of many factors, the Occupied Territories were suffering from substantial unemployment and poverty. Chronic diseases surged, childhood malnutrition increased and the number of households with safe drinking water dropped substantially over the period. Thus, the creation of an institutional structure for responding to the lawsuits in the United States was only one of many crises facing the Palestinian government between 2005 and 2007.

10. In such an environment, it was difficult to create the sort of permanent governmental institutions needed to respond to litigation in a foreign country. Thus, while the Palestinian government had begun substantial efforts to create a modern governmental structure

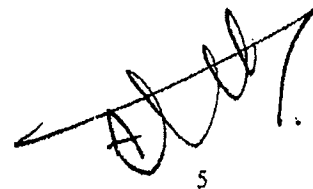


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in April 2005, and while this effort included the goal of creating a permanent entity designed to respond to foreign litigation, no such structure existed throughout the year 2006. Instead, various high-level governmental decision-makers were contacted about the litigation from time-to-time in response to particular problems. These isolated decision-makers had difficulty understanding the complete picture of the litigation, the importance of full and complete participation in the process, and the basis for being haled into U.S. courts to litigate claims involving attacks in the Middle East that the PA and PLO did not commit.

11. The legislative elections in early 2006 created additional organizational difficulties. As a result of those elections, many foreign governments began an economic and political boycott of portions of the Palestinian government that had dealings with the Islamic Resistance Movement (HAMAS), which had won the elections. The election results thus greatly added to the challenges facing President Abbas with regard to the creation of permanent governmental institutions, particularly in light of the longstanding antagonistic relationship between the PA/PLO on one hand, and HAMAS on the other.

12. By the end of 2006, the Office of the President had begun in earnest the restructuring of the office, and it became clear the Palestinian government urgently needed an institutional framework for responding comprehensively to the litigation in the United States. Clear and direct lines of authority were needed. The failure to establish such lines of authority had created conflicting instructions and confusion in the litigation, to the Defendants' detriment.



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13. In early 2007, as a result of the confusion that arose due to the absence of clear lines of responsibility in connection with the U.S. litigation, and also as a result of President Abbas' inquiries to Secretary Rice seeking guidance with respect to the lawsuits, President Abbas decided to place authority for the litigation in the hands of a single decision-maker. President Abbas thus delegated to Salam Fayyad, Prime Minister and Finance Minister of the PA and head of the Economic Affairs Department of the PLO, the authority to oversee litigation in the United States against the PA and PLO. Prime Minister Fayyad discharges those responsibilities today.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 20th day of December 2007, at Ramallah, Palestinian Authority,
Occupied Palestinian Territory.



AHMADE ABDEL-RAHMAN